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IS SOCIALISM REALLY NECESSARY?

THE EDITORS

NEAR EAST OIL

HARVEY O'CONNOR

MADISON AVE., USSR

VIRGINIA ALLIN

MR Essay Contest Winner:

PLANNING AND FREEDOM—LAURENT FRANTZ

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEEZY

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NOTES FROM THE EDITORS

We are announcing this month (see back cover and page 368) two new MR Press books. One is *World Without War* by J. D. Bernal, and the other is *American Labor in Midpassage* edited by Bert Cochran. Reviewing the English edition of *World Without War* in the *New Statesman* on November 15, C. P. Snow, the distinguished novelist and scientist, called Professor Bernal "one of the most remarkable men of the age" and "quite possibly the greatest scholar of science alive." We are proud to bring this important book to the American public, and we want to urge MR readers not only to buy it for themselves but to assume personal responsibility for seeing that it has the widest possible circulation among others.

American Labor in Midpassage grew out of last summer's special labor issue of MR and *The American Socialist*, but more than half of the book is new material never published before. In particular Bert Cochran has added a long and scholarly essay on the present state and prospects of American labor which we think breaks new ground and for the first time assembles the elements of a genuinely satisfactory theory of the American labor movement. We believe that this book will be of the greatest value both to people in the trade unions and to teachers and students of economics and American history.

MR Press also has other projects on the fire, details of which we will announce in the near future. One of them is of special interest to our college and university readers, a brief and authoritative discussion of the Marxian theory of alienation by Fritz Pappenheim. This is a subject which is much talked about these days but little understood, and we think that Dr. Pappenheim's lucid exposition will fill a need which has long been felt by Marxists and non-Marxists alike.

Watch for further MR Press announcements, and in the meantime please act on those which appear in this issue. MR Press can become a full-fledged

(*continued on inside back cover*)

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IS SOCIALISM REALLY NECESSARY?

A liberal economist friend of ours, for convenience let us call him Mr. L, recently wrote us a letter about various current and prospective problems of the American economy, from which we quote the following passage:

> Galbraith's new book [*The Affluent Society*] provides a very good argument which you can use—probably already are using—for socialism. The danger of serious depression is slight, and the question of income distribution is no longer vital for the great majority of people. But the use we make of our resources is raising increasingly acute problems. As Galbraith points out, there is a strong bias in our system toward the production of private consumer goods, no matter how frivolous, and away from public services. I argue that we could solve the problem without socialism in the sense of public ownership; you, of course, argue that we could but we won't. I'm not sure that the difference is very important. The main thing is to convince people that we need a shift to the public sector. I don't think any of us can predict the paths by which we will get there.

If we are not mistaken, this reflects a widespread view among American intellectuals. It deserves careful analysis and evaluation from the socialist side.

First, we note in passing that we do not agree with Mr. L on either the magnitude of the threat of serious depression or the importance of income distribution. The former problem we discussed in the November issue of MR under the title "Recovery, Stagnation, and Inflation," and there is no need to repeat what was said there. On the subject of income distribution, we will make only two points: (1) It was liberalism, not socialism, that first raised the banner of equality, and we are sorry to see that present-day American liberals like Galbraith and our correspondent seem so ready to haul it down. For our part, as socialists we not only continue to attach the highest value to equality for its own sake but also are convinced that the inequality one sees around one every day in American society is as culturally degrading as it is morally repulsive. (2) The "strong bias" of our society toward the waste of resources on frivolous (not to say injurious) consumer goods is by no means independent of the distribution of income. A large part of these consumer goods are wanted

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merely as status symbols and not for the satisfaction of genuinely human needs. In a more equal society people would care less about expensive trash and more about the goods and services which can only be consumed collectively. In other words, in such a society what Mr. L calls a "shift to the public sector" would occur automatically.

This brings us to the main point raised by Mr. L. Is it possible to achieve this shift while at the same time retaining private ownership of the means of production with its inevitable corollary, production for profit?

The liberal answer, as given for example by Galbraith, is closely connected with a characteristic socio-historical theory. According to this theory, the bias in favor of private goods and against public services had its origin in a period of economic scarcity. Society was impoverished, not affluent, and its greatest need was to concentrate resources on the maximum possible expansion of production. On the whole the elevation of the private over the public sector served this end admirably. With consumers generally poor and investment opportunities seemingly unlimited, capitalists had every incentive to reinvest most of their profits, the result being a rapid growth in the apparatus of production, which was in accordance with the needs of the time. Any expansion of the public sector involving an increase of taxes would simply have diverted resources from capital formation and hence slowed down the rate of economic development. Under these circumstances, the idea of the superiority of private over public was amply justified and became firmly implanted in the popular mind, acquiring an honored place in what Galbraith calls the "conventional wisdom."

Nowadays, however—so the theory runs—things are different. Under advanced capitalism ("the affluent society") there is no longer the same need for building up the production mechanism. Given this situation, the continued elevation of the private over the public simply results in a decreasingly meaningful proliferation of consumer goods—goods which have to be produced and sold in ever larger quantities to keep the system going but which bring less and less genuine satisfaction to their buyers and in some cases (for example the automobile) create growing social disorganization and chaos. In these circumstances what is urgently needed is a diversion of resources from the production and selling of private consumer goods to the provision of public services. But here the old-fashioned notion of the inherent superiority of the private over the public sector gets in the way and blocks remedial action. What was once a progressive idea

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has become a reactionary idea; the conventional wisdom makes us do the wrong things and keeps us from doing the right things. We are, in short, the victims of a cultural lag, and what we need is to scrap the conventional wisdom and to substitute new ideas appropriate to changed conditions. More concretely, in the words of Mr. L quoted above, "The main thing is to convince people that we need a shift to the public sector."

There is, of course, much in this theory with which any sensible person must agree, and its general level is certainly well above the apologetics of current economic orthodoxy—which in effect holds that if a man can be induced to spend part of his income on a piece of rubbish that fact by itself is proof that the resources devoted to producing the said piece of rubbish could not possibly have been put to a better use! Nevertheless, we believe that the theory is seriously deficient and leads to wrong conclusions.

The main trouble is that, like all culture-lag theories, this one tries to explain too much by what happened a long time ago and in so doing neglects a great deal that is happening right now. If our difficulties stem from a misguided clinging to ideas which were all right a hundred years ago but which have no relevance to our present situation, then to be sure the problem is simple, even if not easy: we have only to put across some new ideas and everything else will take care of itself. Unfortunately, it seems to us that there is a good deal more involved, that these stubborn ideas are in reality the ideological mask of *interests* which both exist in the here and now and are enormously powerful to boot. If this is so, the remedy must lie not only in getting new ideas accepted, important though that is, but also in curbing the power of the interests behind the old ideas, which is a much more complicated and difficult problem. In order to try to convince readers that we are right, we will sketch a somewhat different theory of the origin and function of the bias in favor of the private as against the public sector.

At the outset it is important to recognize that in feudal society the whole contrast between public and private as we understand it today corresponded to no reality and hence had no meaning. The feudal lord was the "public" authority in the sense that he had power over his vassals and was responsible for their security and welfare. But in exercising his power he was guided solely by his "private" ends, which ran in terms of adding new territory and new subjects to his domains. The clearest evidence that public and private were completely fused in this scheme of things was the absence of any

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distinction between the ruler's public treasury and his private purse.

Capitalism was born into this world and had to struggle against it from the very beginning. From the feudal lord's point of view, the emerging centers of capitalist production were looked upon primarily as sources of revenue to be controlled and exploited for *his* ends, while the rising cost of warfare (the means by which these ends were pursued) ensured that his needs and demands would grow indefinitely. Since the overriding concern of the capitalist was then (as it is now) to make profits and accumulate capital, he naturally begrudged every penny he was obliged to turn over to the lord, the more so since the purposes for which it was used had nothing in common with his own. This conflict of interests set the terms of a struggle which lasted for centuries, with the capitalists first seeking independence and later domination.

Characteristically, this struggle took the form of an unremitting effort on the part of the bourgeoisie to enforce a clear-cut distinction between private and public spheres of life. The economy was assigned to the private sphere, the state to the public sphere. Correspondingly, the lord was split into two personalities: as landowner he received a private income which he could dispose of as freely as any other member of his class; as ruler he presided over the spending of public funds which had their source not in property income but in taxes levied on the private economy. With this separation achieved—or rather while it was being achieved—the bourgeoisie demanded, and acquired, an ever more complete control over the taxing mechanism. As every schoolboy knows, the constitutional history of England, the leader in the development of modern capitalism, turned around the struggle of parliament, representing the private economy, to impose its fiscal control over the crown. Success in this struggle may be said to have marked both the triumph of capitalism and the definitive division of bourgeois society into private and public spheres—a division which bourgeois thought has since come to take for granted to the point of treating it as a part of the order of nature.*

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* Among bourgeois social scientists, the late Professor Joseph A. Schumpeter seems to have been the only one who clearly recognized the historical, and hence transitional, character of this division of society into private and public spheres. His essay "The Crisis of the Tax State," written immediately after World War I (English translation in *International Economic Papers*, No. 4, 1954), made the point, at least by clear implication, that this division as we know it will disappear in the socialist society of the future. With the establishment of the People's Communes, China seems to have been the first to arrive at this stage of development.

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This whole process is central to an understanding of modern history, and there can of course be no question of exploring its ramifications and implications here. What has to be stressed is that its effect—and in a real sense its inner purpose as well—was to elevate private profit-making and the economic relations based upon it to the position of supreme social value. Conversely, the state, while being transformed into a public power, was at the same time subordinated to the private economy and reduced to a purely instrumental role, devoid of value for its own sake or in its own right. In practical terms, this meant that the state did the dirty work for the capitalists—conquering and looting abroad, repressing opposition at home, channeling subsidies from the weak to the strong, and so on. Ideologically, it meant that the state (and hence also all political activity) came to be treated with a mixture of condescension and contempt, and that the costs of its upkeep were equated with incidental expenses of production, unavoidable of course but always to be reduced to the rock-bottom minimum. In this setting it was only natural that the productivity and beneficence of the private sector should be contrasted with the supposedly inherently unproductive and wasteful character of the public sector.*

These ideas and attitudes, emerging from the struggle to overcome feudalism, fell naturally into place as part of the bourgeoisie's justification and glorification of its own system. Moreover, they have lost none of their relevance with the passage of time. It is true that as capitalism developed, feudal opposition gradually died out, but its place was soon taken by a new and potentially much more dangerous opposition, that of the working class. Almost from the outset, the more articulate spokesmen of the working class perceived that its fundamental interests could be promoted only through political means and to the detriment of the interests of the bourgeoisie. They therefore developed an entirely different attitude toward the private economy and the state, criticizing the former as irrational and wasteful and treating the latter as a potentially creative and beneficent force. These ideas are diametrically opposed to traditional bourgeois beliefs and values, and their triumph would leave the capitalist system ideologically naked and defenseless. No wonder the beneficiaries

* It goes without saying that there has been much variation between countries in the extent to which the private economy gained the ascendancy over the state and the corresponding ideology entered into the mentality of rulers and people. For obvious reasons, the process has gone farthest in the United States which is both the most developed capitalist country and the one in which feudal remnants play the smallest role.

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of the system continued to propagate the old ideas with undiminished fervor and energy!

The implications of this reasoning are clear. The "conventional wisdom" is very far from being merely the set of outworn prejudices which sophisticated liberals like to make fun of; it is rather the fighting creed of a class-conscious minority which understands the nature of its privileges and means to protect them. It follows too that if we are serious about seeking a fundamental redefinition of the roles of the public and private sectors of our economy, we have to do much more than sell a new idea. That must be done, of course, but it is only the beginning. We must also decisively curtail the power of the interests behind the old idea. And this, we submit, means that we must set as our goal precisely what Mr. L. denies the need for, i.e., "socialism in the sense of public ownership."

There are other good reasons why socialism in the sense of public ownership is needed to overcome the present strong bias in favor of private consumer goods and away from public services. One of them is the form in which we receive our incomes and pay our taxes. Whatever we get as income we feel we are entitled to, that it is properly ours. When the tax collector comes along and takes part of it away we do not have the same feelings as we do when we go to the store and buy things of our own choice. We resent paying taxes and enjoy spending money, and given the setup under which we live this is both logical and inevitable. The result is a serious psychological barrier to the expansion of the public sector—a barrier which gets higher the greater the need for expansion.

By contrast, in a fully developed socialist system there need be no taxes at all. As owner of the means of production, society has direct and immediate control over the social product and can distribute the optimum amount in the form of free goods and services, paying out as money income only that portion which can most effectively be consumed individually—probably a much smaller portion than people brought up in a bourgeois environment would ever imagine. The advantages of this arrangement are hard to overestimate. It would virtually obliterate the distinction between private and public sectors, thus clearing the way for genuinely comprehensive planning to meet social needs. At the same time it would at one stroke wipe out a whole army of bureaucrats, relegate a huge mass of red tape to the trashcan, and release for productive work some of society's best brains now lucratively committed to the infinitely complicated business of interpreting and beating the tax laws. Those who have

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been trained to think of socialism as necessarily a nightmare of bureaucracy and red tape should reflect on this. The truth is that by liquidating private property and all the legal and paper work connected with it, socialism will make possible a great simplification in many aspects of social life.*

But there is another, and given our present circumstances a probably even more important, reason why socialism in the sense of public ownership is necessary. Quite apart from any general ideological bias, the grim truth is that our popular culture, including of course the whole pattern of preferences for different types of goods and services, is directly or indirectly dominated by salesmanship. As much of our national product goes into advertising as into formal education, and the mass media which provide 99 percent of our cultural fare are profit-making businesses in a double sense: they maximize their own profits by helping other businesses to maximize their profits. Naturally enough, this overgrown apparatus of salesmanship is devoted to instilling in people a *desire* for private consumer goods, "no matter how frivolous," and not to educating them to the *need* for more public services. But it is not necessary to labor the point here. Galbraith not only concedes it but insists that it knocks much of received economic doctrine into a cocked hat, and Mr. L would certainly agree. What they do not tell us is what they propose to do about it.

We sympathize with this reticence. What indeed can you propose to do about it if you reject "socialism in the sense of public ownership"? You could argue (correctly in our view) that salesmanship on the modern scale is connected with the decline of competition and propose to restore competition, through antitrust or otherwise. But Galbraith would (again correctly in our view) laugh at this as both reactionary and impossible. You could propose the legal curtailment of advertising, but it is doubtful if *anyone* is simple-minded enough to believe in the feasibility of such a solution. It would seem that there is nothing left for liberals to do but take their pens in hand and go forward to do battle for the public mind against

* In this respect as in many others, the development of the Soviet Union has not yet gone far enough to reveal the natural advantage of socialism. Industrialization of a relatively primitive society necessarily involved a phase of increasing bureaucratization, and the police state character of Soviet society, stemming from Western hostility as much as from Russian history, has of course been a fertile source of both bureaucracy and red tape. Altogether new and exciting prospects will open up to an affluent socialist society in a world at peace.

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capitalism's growing army of open and hidden persuaders.

We wish them luck but fear that the contest is an unequal one. It is not that the liberals can expect no successes. There will be times, especially times of crisis, when they will be listened to and when the defenders of the status quo will find it expedient to make concessions, perhaps even far-reaching concessions. But once let "normalcy" be restored and the pendulum will quickly swing back again. After a Roosevelt comes first a Truman and then an Eisenhower. Or, to change the metaphor, under capitalism liberal reform is a labor of Sisyphus. It never ends, and relative to needs and possibilities it makes little if any progress.

Perhaps we shall be told that figures belie this cheerless conclusion? After all, the public sector, as measured by government purchases of goods and services, was under 10 percent of Gross National Product in the 1920's and has risen to over 20 percent in the 1950's. Is this not an impressive indication of progress?

The answer, alas, is all too evident. Almost the entire expansion comes under the heading of "national security" which has gone up from less than one percent of GNP in 1929 to more than 10 percent in 1957. For reasons which we have discussed many times in these pages and need not enter into now, capitalism has never shown any reluctance to devote more of its resources to war and the preparation of war. But this is not what Mr. L is talking about, nor is it what we are here interested in. By "public sector" he means the provision of all those goods and services—including education, highways, better communities, cleaner atmosphere, health protection, public parks and recreation centers, and a thousand and one things besides—which can never be produced and sold for a profit and so must always remain neglected by private enterprise. In this sense, the public sector has hardly grown at all in the three decades since Herbert Hoover entered the White House. And if we agree with the unmistakable implication of Galbraith's theory, that the more affluent a society is the greater its public sector should be, then this has clearly been not a period of progress but of regress.

We conclude that we must do more than "convince people that we need a shift to the public sector." We must aim for nothing less than "socialism in the sense of public ownership," for it is only public ownership which will finally dissolve the whole baleful distinction between private and public and at long last allow society to plan for its real needs, rationally and undisturbed by the furies of private interest.

(December 13, 1958)

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NEAR EAST OIL

BY HARVEY O'CONNOR

Part I

In Beirut, the financial capital of the Near East, they are speculating on how long the international petroleum cartel may hope to control the fields around the Persian Gulf. Five to ten years is the cartel's expected life, but it could be a lot shorter.

At stake is oil valued at some $150 billion, now controlled by five United States and two British companies. The value is based on the dollar a barrel figure usually given for known oil readily available underground. But in Beirut, realistically, the future value is marked down to a dime a barrel because of the rise of Arab-Iranian nationalism.*

The enormous increase in the energy needs of the Western world makes the oil of the Persian Gulf the greatest strategic prize of this century. Western Europe is utterly dependent on the petroleum of the Near East and will become more so, as its coal dwindles; even the United States is importing more and more along the East Coast. "The future of the free world," writes J. H. Carmical, petroleum editor of the *New York Times,* "is tied to the bountiful oilfields of the Middle East. Easy access to that oil is the key to the defense of the West."

In a sane society, the existence of the vast resources of the Persian Gulf would be an unmitigated blessing to mankind. Instead, it is regarded by many authorities as the mainspring of the cold war, the trigger point for world devastation.

Harvey O'Connor is the author of The Empire of Oil. *The present article reports latest developments in the Near and Middle East on the basis of a five-month trip through that region in the winter and spring of* 1958. *The concluding section of the article will appear in the next issue.*

* The John S. Herold firm, oil securities consultants, estimates that the 10 largest oil companies own 78 percent of the "free world's" oil, with a net worth of $47 billion, and a security-market value of $42.6 billion. Net worth of the seven cartel companies is given at: Standard of New Jersey, $10.8 billion; Royal Dutch/Shell, $6.3 billion; Texas Co., $4.5 billion; Gulf, $4.3 billion; Socony, $4.2 billion; Standard of California, $3.6 billion; British Petroleum, $2.9 billion.

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Already the cartel's control of the Near East is crumbling on the edges, and the assault on the center has begun. It takes these forms:

(1) The signing of agreements in Egypt, Iran, Kuwait, and Saudi Arabia which break the 50-50 formula by which the cartel has shared its profits on production with the governments concerned.

(2) The demand, recognized in the new agreements, for participation by the Near East governments in the ownership and management of oil ventures.

(3) The rise of oil enterprises wholly owned by Near East governments, as in Egypt, Iran, and Iraq.

(4) The growth of the demand for concerted action among the Arab states on a unified oil policy.

(5) The surging popular demand for outright nationalization of cartel properties, so far held in check by the governments, but useful as a bargaining lever.

The cartel's assets in its fight for survival include:

(1) The strategic importance of the Persian Gulf oil fields, making their continued control an imperative central point of policy for the State Department as well as for the British, Dutch, and French Foreign Offices, even to the point of war.

(2) The divisions in the Near East—between the despotisms of Arabia and the new bourgeois-nationalist regimes of the United Arab Republic and Iraq, between the Arabs and the Iranians, and between the Arab countries possessing oil and those who benefit only from pipeline and tanker transit.

(3) The political instability and technical backwardness of the oil countries.

(4) The dependence of the Near East on Western European markets for sale of petroleum, and the control of all markets outside the Soviet sphere by the cartel.

(5) The possibility that the tiny desert sheikdom of Kuwait, with a third of the reserves of the Persian Gulf, might be controlled by British military action, a possibility unlikely in other Near East oil territories.

When Standard Oil of Indiana recently signed an agreement with Iran breaking the 50-50 formula and giving Iran 75 percent of prospective profits on offshore oil in the Persian Gulf, the *New York Times* cried "precedent-shattering"; the oil industry, it reported, was "jolted."

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Ever since the fall of Mossadegh and the formation of the cartel consortium to take over Anglo-Iranian's concession, Iran has been praised as a palladium of the West, immune to Arab blandishment. After King Saud of Arabia, "our greatest and most unwavering friend in the Middle East," was supplanted by his pro-Arab brother, the Shah of Iran then became "our best friend" in that part of the world. The praise is from Wanda Jablonski, senior editor of *Petroleum Week,* the McGraw-Hill oracle, and quite a connoisseuse of Near Eastern "friends of the West," most of whom seem as a result to lose favor with their own peoples, as witness the fate of the late King Faisal of Iraq. But now, alas, the Shah is reported to be discontented with the consortium deal. The 50-50 split proves a mirage as the royal accountants discover that his oil royalties cover only a fourth or so of the total profits. So the chairman of the National Iranian Oil Co., in which is vested nominal ownership of the consortium's properties, has announced that "our aim is to transport, distribute, and sell our oil outside Iran ourselves. We know that this is a difficult task, but we will do everything possible to succeed."

Standard of Indiana was not the first to break the sacred 50-50 formula. ENI (Ente Nazionale Idrocarburi), the Italian government oil company, had already done so, first in Egypt and then in Iran. The significance of Indiana's pact was that at last a United States major, one of the giants of the industry, a segment of the old Standard Oil Trust, had defied its brothers and broken the united front of the major oil companies.

Only the most dire need could impel Standard of Indiana to break ranks with the cartel. The truth is that two "have-nots," Indiana and Iran, had gotten together. It seems strange to classify the big mid-Western oil company as a have-not, this dinosaur which ranks fifth (a few years ago it was third) among all United States oil companies, with assets of $2.5 billion, profits of $152 million, and a gross income of $2 billion a year. Indiana is a have-not only in the sense that it has had no access to the cheap oil of the Near East. That is because Indiana committed its greatest blunder back in 1922 when, a pioneer in the new Venezuelan fields, it sold out there to Standard of New Jersey. It had no world-wide marketing network, and import quotas would have left it with a large non-marketable surplus. Its decision, at the time, reflected in part the isolationism, political and economic, of the middle West, of the *Tribune's* "Chicagoland." How grotesque its isolationist decision was is underlined by the estimate of *Forbes* magazine that it takes only one year to

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pay off an oil investment in the Near East, 1.2 years in Venezuela, and all of 3.1 in the United States.

The big domestic majors without access to Near East oil are no longer able to compete, profit-wise, with the five United States companies known as the "international" firms—Standard of New Jersey, Standard of California, Socony, Texas Co., and Gulf. These companies reap the rewards of what *Fortune* terms the "magnificently remunerative price structure" on Near East oil. Arabian American Oil Co. (Aramco), for example, made some $300 million in 1957 on an investment, within Arabia itself, of only $250 million. Companies such as Indiana, Cities Service, Sinclair, among the titans of the United States industry, must pry their way belatedly into the Near East, or slide into a secondary position in the industry. It now costs $1.20 to find a barrel of United States oil, 10 cents in Venezuela, ½ cent in the Near East; production costs around the Persian Gulf range from 8 to 25 cents a barrel; here they are around $1.00. That is why Chairman Alton Jones of Cities Service was seen buzzing around Teheran in the final days of the Mossadegh regime, until the State Department shooed him away. That is why Sinclair has just closed a deal with British Petroleum (ex-Anglo-Iranian) for access to the cheap Near Eastern oil.

The Indiana agreement covers 16,000 square kilometers of Persian Gulf waters, on either side of the Italian concession, and lying off proved oil areas of the mainland controlled by the consortium. For this Indiana paid a $25 million bonus and agreed to spend $82 million in development within twelve years. Far more important than the massive sums involved are the terms of the agreement. National Iranian Oil Co. and Indiana's subsidiary, Pan American Petroleum, are setting up the Iranian Pan American Co. with a board divided 50-50 between Persians and Americans, the chairman being a NIOC nominee, the managing director a Pan Am man. Iran is to receive one half the profits, as in all 50-50 agreements. But as half owner of Iranian Pan Am it will receive half of the second 50 percent too, making the final split 75-25 in favor of Iran.

No wonder the State Department was "worried" by this breach in 50-50. It was angry enough when the audacious Italian government entrepreneur, Enrico Mattei of ENI, signed a similar deal a year earlier. That was followed by an ostentatious state visit by President Gronchi to Teheran. Mattei asserted that Italy was trying to escape the toils of the petroleum cartel, so it too could have access to 10-cent oil without paying $2.49 a barrel, the Mediterranean price.

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Italy had been refused admission to the consortium when Herbert Hoover, Jr., organized it in 1954 and was now accused of trying to "blackmail" its way in. As for Iran, the *Middle East Economic Survey* newsletter summarized: "The really revolutionary innovation is that ENI is enabling the Middle East states for the first time to rise to the level of partners in a European enterprise. In so doing they acquire the right to exercise control over the management of their own wealth and thus to contribute to activities with which their future is bound up."

Another "have-not," Japan, broke through the cartel barrier, in Saudi Arabia and Kuwait. In November, 1957, the Japan Petroleum Trading Co. contracted for 31,000 square miles off the shore of the Saudi-Kuwait neutral zone. The deal gave Arabia the right to buy 20 percent of the company's stock and to nominate one-third of the board members. The profits, to be divided 56-44 in Arabia's favor, were to be calculated not only on production, as in the standard 50-50 concessions, but on profits also in transportation, refining, and marketing, right down to the last service station in Japan.

Abdulla Tariki, the aggressive Saudi petroleum director, who has been urging revision of the Aramco agreement, beamed: "What we wanted from Aramco we just put into this [the Japanese] agreement." What Tariki, who got his training at the University of Texas, wants from Aramco is its complete divorce from Rockefeller Plaza. "This business of running a Saudi Arabian company out of New York is no good," he says. He wants Aramco to be an Arabian company, with 50 percent of its directors Arabs, and fully integrated from the well to the service station, with Arabia getting 50 percent of the total profits and not just those on production. He also claims that Aramco has cheated Arabia of $85 million in recent years by discounts to its parent companies, Standard of California, Texaco, Standard of New Jersey, and Socony.

In his researches, Tariki has had the cogent assistance of James MacPherson, one-time vice president and secretary-treasurer of Aramco and presumably quite knowledgeable about the affairs and ethics of his former employer. In 1949 MacPherson deserted Aramco to help the American Independent Oil Co. (Aminoil), a Phillips Petroleum intruder in the Kuwait neutral zone; in 1955 he became petroleum adviser to Saudi Arabia.

Aramco's reaction to the Arabian demand was to "reorganize," revamp the board of directors, cut the seats of the parent companies down from ten to four, and station six vice presidents in the air-

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conditioned camp at Dhahran. Such a merely formal reorganization in no way meets the Saudi objections. "We gave the concession for an integrated oil company to run its own show," Tariki commented. "At present if it suits their convenience they can cut down our production and hurt our interests. . . . Saudi Arabia has nothing but oil. It is only money to the company, to Saudi Arabia it is her life blood." The company, Tariki added, must act in Arabia's interest. "If this is not done now, there will be a blow-up eventually and there will be nationalization."

To all such ideas, and to the Saudi-Japanese deal, Standard of New Jersey answered that it declines to "surrender company sovereignty and control." The key word is "sovereignty."

The neutral zone in which the Japanese got their concession is jointly owned by the King of Arabia and the Sheik of Kuwait, and so the concessionaires had to get agreement with the Sheik as well. They came out with a similar deal, on a 57-43 division of profits from integrated operations, the right to members on the board of directors, the right to purchase stock, and provision for employment of Kuwaitis both at home and abroad. In calculating profits, no allowance can be made for depletion and depreciation in excess of the capital cost of such property (of interest to United States Senators struggling with the tax gimmick of 27½ percent depletion allowance, key to the vast fortunes of the Texas tycoons). Development costs are capital expense, not to be subtracted from profits. The Sheik is to have his own auditors, with full access to all the books.

The absence of heavy cash-down payments underlines the importance the Arabians and Kuwaitis attach to participation in control of an integrated company. Standard of Indiana, in collaboration with Haroldson Hunt, the Dallas magnate, was reported to have offered a $112 million bonus to Kuwait for a 50-50 concession, while Shell was said to have offered $85 million.

The Japanese deal however did not satisfy all Kuwaiti opinion. The Japanese company's capital was only $7 million, commented *al-Shaab*, the Kuwait paper. But the Sheik invests some $100 million a year in London. Why not use some of this in developing his own offshore deposits, employing the growing corps of oil technicians, and keep 100 percent of the profits? The sheikdom could build its own refinery, using the gas wasted by Aminoil, Pacific Western, and Kuwait Oil Co. at their mainland wells, and begin to manufacture petrochemicals.

A similar idea has been reported floating around Cairo and

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Beirut. The Russians, it is said, have offered to supply equipment and technical services to any Near Eastern country to develop its own oil resources, leaving ownership wholly to the country involved. Russia's alleged terms: 10 percent of the profits, a 90-10 deal. The rumor is too painful for Secretary Dulles to contemplate!

(*To be concluded*)

National states and nationalism are empty vessels into which each epoch and the class relations in each particular country pour their particular material content.

—Rosa Luxemburg

BENIGHTED SAVAGES

Indian witnesses testified that their land, according to law, could not be sold to outsiders. But they said there was much informal selling and trading of land within the reservation among tribal members.

Chief Elton Greene, chairman of the fourteen-chief council that administers the affairs of the Tuscaroras, said the tribe kept no formal records of land transfers among its own members.

"We trust in one another," he told Judge Rosenman.

"You mean you trust each other?" Judge Rosenman asked in some incredulity.

"Absolutely," Chief Greene replied.

From a story in *The New York Times,* November 26, 1958

FREE WORLD DEPARTMENT

Fourth Largest Army

With 700,000 *troops, the Republic of Korea now maintains the world's fourth largest armed force.*

Item in *New York Times,* November 25, 1958

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MADISON AVENUE, USSR

BY VIRGINIA ALLIN

Madison Avenue
(Verb, Adj., Noun)
Originally so called because of large number of ad agencies making their homes on or near this particular avenue. Later meaning enlarged to include the practice, practitioners, customs, tactics and ethics of advertising, public relations, TV and radio packaging and producing. Now used pretty broadly to describe anybody who owns a good black suit with matching tie.

Madison Avenue's advertising counterparts in the Soviet Union have been criticized in a recent article in the Soviet periodical *Sovietskaya Kultura*. Calling for more artistic advertising, the newspaper urged that the most talented writers and artists be encouraged to contribute to the improvement of the craft. It isn't often that an American correspondent in Moscow has an opportunity to be funny. The implied bow from Moscow to Madison Avenue was warmly welcomed by the American press with a deluge of puns and paraphrases, based, if somewhat infirmly, on American advertising slang. "Let's put it on the train and see if it gets off at Minsk," and "Let's skip it across the Volga and see if it reaches the other side" were contributed by a *Herald Tribune* team; while the *New York Times* contented itself with a duo of loosely translated samples of Soviet rhymed commercials.

Now that the laughter has died away, we hope we won't be running afoul of the "Aid and Comfort" Act, if we venture to advise the Soviet Union's ad experts to leave well enough alone. We saw a good deal of Russian advertising in a three-week auto tour of the Soviet Union this summer, and while in some respects Soviet ads could gain from a little brightening up, on the whole the Russian public has it pretty good!

Virginia Allin is a TV, radio, and public relations writer of, as she describes it, fifteen years servitude.

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We liked the refreshing brevity, the unabashed directness of the Soviet ads with their no-nonsense admonitions to "Drink Tea," "Eat Ice Cream," or "Go to the Park." People like tea and ice cream and they like to go to parks and they seem to do all these things in great abundance. The "hard sell" scarcely seems necessary.

Westerners sometimes criticize Soviet "peace posters" as being propaganda, but the effort to sell peace isn't necessarily malicious trickery. "The idea of peace is familiar to everyone" says one poster. "Peace and Brotherhood" says another, and a third frequently seen shows a group of vari-colored and costumed children marching and singing, "We are for peace and this song will carry throughout the world!" Russian ad men can gimmick it up if they want to, but it's a waste of time. The product's good and there's a big market for it.

In the area of what might be called "institutional" advertising, current billboards urge citizens to "Raise the Well Being of the Collective Farms," "Be Saving in Everything and Everywhere," and "Multiply the Glory of 1917." Our own DAR might care to institute a series similar to the Soviet's "Glory to those who fought for the Revolution!"

Radio and television in the Soviet Union have yet to feel the impact of advertising possibilities à la the United States. The dramatic impassioned voice that comes out of the loudspeaker is more likely reciting Pushkin, and old films are shown on television without the customary breaks "for those important announcements." If you don't count speeches which may contain "motivational" material, these mass media are largely reserved for out-and-out entertainment and education. Films are being used extensively. Two current releases have to do with the dangers of abortion and the health hazards of smoking.

In the unlikely event that Madison Avenue and its Moscow counterpart ever engage in an exchange agreement, sympathies should be with our boys from the start. Even the most agile men might not be able to make it from "Hard Sell" to "Soft Sell" to "Don't Touch the Stuff, Comrade!" It doesn't take much effort to imagine the consternation of a Seagram's copy writer let loose on an ad for Smourenka Vodka based on these major copy points: "Vodka will ruin your work skills, wreck your home, and bring you unhappiness!" —all current Soviet billboard themes.

The article in *Sovietskaya Kultura* emphasized that the new advertising must be "eye catching, easy to remember, varied and attractive." Calling on the nation's artists to follow suit, the newspaper

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pointed out that Soviet poet Vladimir Mayakovsky had used his talents in Soviet advertising. No examples were offered, but Vodka Martinis for everybody if Mayakovsky ever wrote anything to compare with Pepsi's "Be Young, Be Fair, Be Debonair," or the newest Ford campaign which introduces the staggering thought, "You never had it so new!" Worthier of the master's touch is the poster to be seen on the road between Moscow and Novgorod: "To a good Pig Breeder, a Pig is Like a Poem."

This isn't to say that everything Madison Avenue does is awful and everything Moscow does is beautiful. The cult of perfection is outmoded on both sides of the ideology. Soviet store windows, as *Sovietskaya Kultura* suggests, could do with more creative treatment. Food stores are especially dull, and though the piles of tins give the impression of plenty—which is, after all, a postwar achievement—they don't make for an appetite-whetting display. Department stores seem to fare much better, and some of the displays at GUM are as good as anything you might see anywhere—gay, imaginative, and enticing. (And despite persistent accounts to the contrary the goods displayed are available for sale.) Smaller stores, as the newspaper charged, could benefit from periodic display changes.

Although not mentioned in the self-critical *Sovietskaya Kultura* article, the ubiquitous progress chart could stand some improvements too. All over the Soviet Union such charts are to be seen. There are rural electrification charts, industrial production charts, national income charts, capital building charts, grain charts, meat charts, butter charts, and public health charts. Apparently everything that is subject to planning has its own chart, and the sight of these dotting the highways and byways must be a comfort to the folks in the central planning commission. To a tourist they are a terrible strain on a smattering of Russian and the sight-translation techniques of even the most excellent guide. The motor tourist is hopelessly barred from ever finding out what the 1960 goal is as compared with the 1935 output, because the charts are too complicated for anything but stationary perusal, which is, of course, what's intended. Even so the messages would be more effective given the Madison Avenue oversimplification treatment—in moderation!

The Russian alphabet being what it is, we wouldn't recommend any of those tumbling letters or the initialed slogans made so famous in the old LSMFT days. Nor would a dip into the realm of science fiction likely prove convincing to a public as science-conscious as is this one. Somehow we can't see the typical Russian family gathered

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around the television set gaping with awe at the Soviet version of the handkerchief test, the relief in ten seconds test, the half a head test, the under one arm test, or any of a dozen other product "proofs" we Americans have come to accept as the price of entertainment.

Efforts at "eye catching" will also have certain limitations. A nation reared on the precepts of socialist realism isn't likely to welcome anything like the current crop of American ads for a prominent *papier hygiénique*. United States billboards feature a charming little girl swathed in miles of the stuff and declaring happily, "My wrap's *Hudson,* Mamma's is only *Mink*!"

Defining advertising in the Soviet Union is admittedly easier said than done, and it is obviously not fair to compare the excesses of Madison Avenue with a Soviet public health campaign which, by its very nature, has the advantage. Still, it would be equally unfair to ignore the fact that the Russian national product includes public health and conservation and building and rural electrification programs. To rule out this type of advertising by labeling it "propaganda" may be convenient, but it hardly settles the matter.

Rural electrification is as much a reflection of the stated aims of the USSR as a wide choice in automobile brands is a reflection of the stated aims of free enterprise. Viewed in this limited light, the Ford advertisement and the electrification chart become related and more truly comparable than their material counterparts.

Billboards advertising motion pictures, concerts, plays, and ballets are quite similar to the Western product. If the illustrations seem to place more emphasis on program rather than mammary content, that is not necessarily to be condemned. (Advertising for the Soviet cinerama seemed quite like ours, with the added attraction of a very promotable semi-circular theatre in which the semi-circular film is shown.)

Otherwise straight consumer advertising, as we know it, is still confined pretty much to "availability" ads rather than those offering a choice of "brands," although such choices exist in an ever increasing number. Despite the fact that automobile orders are far in excess of present supply, there are several models being manufactured which for all practical purposes (supply permitting) could compete for the Soviet buyer's attention. Still it doesn't seem likely that this would ever become a problem for the Russian advertising profession. More probably the matter would be settled within the planning rooms of the automobile commission.

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Nor will Soviet ad men likely be called upon to solve the contradictory dilemmas resulting from competitive brand development vs. consumer demand. For example, one can scarcely imagine the Soviet equivalent of "The Case of The Creative Cake Mix." Briefly this typical trauma of American advertising goes like this: The cake mix industry had competitively "improved" itself to the point where the housewife didn't even have to take the mix out of the package. Despite these efforts, a downward trend in sales became apparent. Consumer research indicated that women consider cake-making a creative activity and resented the fact that the mix rather than they received the family praise for the cake's taste and texture. What to do? Unhampered by anything more compelling than the profit motive, the cake manufacturers reduced the egg component in the mix formula and let the housewife "creatively" add her own egg! This being done and widely advertised, it was assumed that all was well in the kitchen. The company felt no necessity to pass on the resulting saving to the consumer who not only used her own egg, but paid for it too.

Russian advertising has been called upon by the article in *Sovietskaya Kultura* to "accept the task of developing consumer demands and educating public taste." Perhaps something a little more inspiring than "eat ice cream" is in order, but our observation indicates that Soviet ad men are doing all right. "Advertise the advertising" has become an accepted tenet of Madison Avenue and perhaps it is in this respect that Soviet ad men can take lessons from their American colleagues. There is a popular saying in Russia, "Modesty should be shouted about, otherwise nobody will notice it." Maybe the Soviet ad men should come to the defense of their own record.

Freedom of the press consists above all in its not being a business.
—Karl Marx

The process of reading is not a half sleep, but in the highest sense, an exercise, a gymnast's struggle . . . the reader is to do something for himself, must be on the alert.
—Walt Whitman, *Democratic Vistas*

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PLANNING AND FREEDOM

BY LAURENT FRANTZ

This is the essay to which the judges have awarded the prize of $50 in MR's Essay Contest announced last spring. Laurent Frantz is an attorney in San Francisco. He has contributed frequently to *The Nation* and other magazines. His essay—answering the question, "Are the mechanisms of a planned economy harmonious with freedom of the individual?"—was selected from more than 40 unidentified entrants by a board of judges consisting of J. Raymond Walsh, well-known economist and Chairman of Monthly Review Associates; Carey McWilliams, editor of *The Nation*; and Stanley Moore, formerly professor of philosophy at Reed College. We would like to take this opportunity to congratulate the winner on a stimulating contribution to socialist ideas and to thank the judges for the time and care which they generously devoted to this project.—THE EDITORS

The words, "freedom of the individual," taken by themselves, do not mean anything. In their literal sense, they suggest that each individual may do as he pleases. But this would not be a practical or desirable arrangement, nor would it be "freedom"—it would merely be freedom for the strongest and most ruthless. Freedom for the many consists of the restraints imposed on those who, if unrestrained, would bend others to their will.

Consequently, before we can consider what is "harmonious" with "freedom of the individual," we must assign a meaning to the latter phrase. I think the aspects of freedom which we should seek to promote and to guarantee include the following:

(1) Freedom from unrepresentative government. This is the principle that all those who will be affected by a policy must have the right and opportunity to participate in the process by which it is reached.

(2) Freedom from arbitrary government. This is the idea behind our slogan of "a government of laws and not of men." It is the subtle, but all-important principle that the decision-makers—those who apply the policy to particular cases—must have a recognized responsibility to act, not according to their own whim or will, but by applying a pre-existing rule.

With respect to both of these first two principles, I would insist that "government" must be understood to include any power by which some persons are able to subordinate the wills of others,

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whether exercised in the name of the people (as in the case of those powers to which the term "government" is ordinarily limited in popular usage), or in the name of private right (as in the case of those monarchies and oligarchies which govern various parts of our economic system).

(3) Freedom from arbitrary privilege. This is the principle of non-discrimination and excludes the existence of any arbitrarily underprivileged group (as in the case of race discrimination) as well as of an arbitrarily privileged one (such as the nobility under feudalism or the rich in the United States).

(4) Intellectual freedom. This requires, chiefly, a recognition that it is always improper to seek to eliminate or silence an opposing opinion by coercive means.

The question, then, is whether the mechanisms of a planned economy are harmonious with these kinds of freedoms. The term, "planned economy," I take to refer to the way in which investment decisions are made and to comprise two essentials: (1) such decisions must be made in such a way and by such a body that they can be expected to reflect the public interest, and (2) they must be coordinated and integrated into an overall pattern, to avoid waste, and to gear the growth process of the economy to the long range public interest.

That investment decisions should be made in such a way does not, in itself, violate any of these four principles. The difficulty arises from the fact that the simplest and most obvious foundation for a planned economy is to make the political government, as trustee for society, the universal owner and universal employer. This, however, welds all political power and all economic power into a single gigantic power machine.

Can this be done, yet freedom be maintained? It seems fairly clear that it cannot. Freedom arises from the restraints on power. Or, to be more exact, it *is* those restraints, seen in reverse. But power can be restrained only by power. Consequently, if any one power within any society becomes so huge that no other power or combination of powers can stand against it, what might be called a "critical mass" of power is attained. A power which has reached that critical mass cannot be restrained. And this is merely another way of saying that there can be no freedom.

Since socialism has been built in the Soviet Union and the Soviet bloc countries under peculiar conditions of economic backwardness and threatening capitalist encirclement, it is difficult to

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know how much pertinence to attribute to their experience. But, to the extent of whatever pertinence it may have, that experience tends to confirm the hypothesis arrived at from theoretical considerations.

It is plain that a machine which wields all political and economic power cannot be made responsible through such devices as elected government, universal suffrage, freedom of discussion, and the toleration of opposition parties and an opposition press. All of these things are necessary in their own right, but they are inadequate to the critical mass problem. For one thing, such a government will permit them only insofar as they serve its interests, since no one is strong enough to compel it to do so further. Such a government can dictate what information and argument will be presented to the people through effective channels. It can thus largely mold public opinion and control the electorate. An opposition cannot rise to much independence if it must depend for its access to the means with which to oppose, and even for its right to remain in existence, on the continued good will of those whom it is seeking to restrain.

The problem, then, boils down to this: is it possible to combine the principle of the planned economy with the principle of checks and balances? This is not so simple, nor so easy to visualize, as the indefinite extension of government ownership. But, if the problem of power is as crucial as I believe it to be, then those who recognize the evils of capitalism will not have a positive alternative around which they can rally until we have succeeded in visualizing a planned economy with built-in structural guarantees against the abuse of power.

The following are suggested, not as a completed scheme or blue-print for a new society, but as possible elements which might enter into such a conception. In making these suggestions, I am not to be understood as maintaining that they would have been practical for the creation of a planned economy in Russia in 1917, or that they would be practical today in India or China. That, however, is not our problem.

(1) Could not the government as planner take over the function played by the market in capitalist society, rather than the role of the employer-proprietor? I am not suggesting that we could have a planned economy under capitalism. But ownership might be worked out in smaller and more autonomous public units. For example, units which supply goods direct to the public could be owned as consumer cooperatives. Manufacturing establishments could be owned collectively by their own consumers, the cooperatives as institutions.

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(2) It is of the nature of planning that general decisions on where the economy is going should be taken by a central authority. But is it essential that the plan should take the form of a statute or edict? It would seem that, through the manipulation of prices, credit, and taxation, plus the authority to resort to direct subsidies when necessary, the central government should be able to lure and prod production in the general directions contemplated by the plan without making the plan, as such, compulsory. It should also be possible for decisions on matters which affect the lives of the producers most directly (hours, wages, working conditions, personnel policies, grievances—the kinds of things on which unions traditionally bargain) to be made at the local level. The plan will automatically set outside limits to what is possible in some of these things. But, with its hands on the strategic levers of the economy, the central authority should not need either directive or veto power over specific decisions of this kind.

(3) Competing interests should be represented by competing organizations. (This takes advantage of the principle that power can be restrained by power, provided that neither is strong enough to wipe out the other, and provided that a certain tension is maintained between them so that they cannot coalesce.) For example, the organization responsible for seeing that steel workers are well paid and not overworked should have *no* responsibility for seeing that steel is cheap and plentiful, and vice versa. The hours and wages of steel workers should be a compromise negotiated between the organizations representing these competing interests.

(4) To insure that such settlements are negotiated rather than forced, each side should have some sort of last-resort veto power over any completely unacceptable settlement. For example, the right to strike should be respected whatever the concept as to who "owns" the plant, and even when exercised against a settlement negotiated by the elected representatives of the workers. Though the group veto principle may sometimes slow the rate of progress, and produce some economic waste, it may nevertheless be justified as a guarantee that the plan represents, not just what is good for the people, but also what they want and are willing to undertake; and as a guarantee that legitimate group interests are not overridden just because the group is outnumbered or not in a strategic position with reference to the levers of power.

(5) The constitutional structure for a planned economy should not be approached by throwing away the past and attempting a

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completely fresh start. Rather, our country's sound contributions to political science should be retained and made the foundation for whatever needs to be added. This would mean, in my opinion, retention of the separation of powers into legislative, executive, and judicial, and of the principle that each of these should have enough power and independence to serve as a check on the other, but not enough to avoid being checked by them. It would mean retention of the principle of written constitutional limitations on governmental power, to be enforced by an independent judiciary. And it would mean the retention—in some cases, even the extension—of many of the existing limitations, notably those of the Bill of Rights.

A planned economy, approached in this way, would be a direct outgrowth of American tradition and experience. It would, in fact, be an extension to the economic structure of the principles on which this country was founded, but which its founders assumed (perhaps correctly for their day, but not for ours) needed to be applied only to the political structure. The mechanisms of such a planned society would not threaten or undermine, but would reinforce and extend, the freedom of the individual.

MR Press Books

	List Price	Price with Sub
MAN'S WORLDLY GOODS by Leo Huberman	3.00	6.00
WAS JUSTICE DONE? by Malcolm Sharp	3.50	6.00
THE WORLD THE DOLLAR BUILT by Gunther Stein	4.00	6.00
A NEW BIRTH OF FREEDOM? by Konni Zilliacus	5.00	7.00
THE SOUTH AFRICAN TREASON TRIAL by Forman & Sachs	5.00	7.00
AMERICAN RADICALS edited by Harvey Goldberg	5.00	7.00
THE PRESENT AS HISTORY by Paul M. Sweezy	5.00	7.00
THE CHINESE ECONOMY by Solomon Adler	5.00	7.00
THE POLITICAL ECONOMY OF GROWTH by Paul A. Baran	5.00	7.00
THE WALL BETWEEN by Anne Braden	5.00	7.00
THE THEORY OF CAPITALIST DEVELOPMENT by Paul M. Sweezy	6.00	8.00

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WORLD EVENTS

By Scott Nearing

Sputnik Garden Plots

Five sixths of China's people live and work in the countryside, producing food, vegetable fibres, and oil seeds. There has been much discussion concerning the population increase of around 13 million per year and the need to raise food production to a point at which there will be plenty for all.

During 1958 special efforts were made to demonstrate the possibility of increasing the quantity and quality of food crops by setting aside demonstration areas and attempting to get maximum yields. These special areas were dubbed "sputnik plots."

Sputnik plots were areas selected because they were peculiarly adapted to the needs of particular crops. Each collective farm, state farm, commune, or other enterprise picked its experimental areas with great care, prepared the soil, selected the seed, watered, tended, and finally harvested the crop, which was weighed, measured, and counted to the decimal point. These special pains were taken in an effort to out-produce other farms and farmers in the much publicized nation-wide competition to step up food production.

Sputnik plots were not selected and tended by professional agronomists, although professionals had a finger in the pie. For the most part, they were in charge of farmers picked for the purpose by their fellow workers in the enterprise. One rather amusing report from a Westerner living and working in China points up this aspect of the situation. The writer, while visiting a collective farm, had seen a six-foot-high cotton plant carrying 47 bolls, and corn plants having from 10 to 21 ears per plant. "The scientists, on their own experimental plots, never achieve anything to compare with these results. In fact, with the national average yield in various crops going up so quickly, one agricultural scientist even managed to fall behind the national average in his experimental plot." (*Canadian Far Eastern Newsletter,* November 1958, p. 3.)

Farmers with their special plots were like their fellows the world over when preparing for an exhibition or fair. They put their best

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foot foremost. Even in a country famous for the efficiency of its gardening and farming, yields on some of the sputnik plots seemed little short of miraculous. It is estimated that 100 million mou in 1958 yielded at least 1,000 jin of food per mou. Six mou equaling one acre, this means that they harvested about 5,500 pounds or nearly three tons per acre. Wheat yields of at least 100 bushels per acre were reported from 330,000 acres of land. (Average wheat yield in the United States is 19 bushels, or 1,040 pounds per acre.) Shouchang County in Shantung Province harvested over 5,000 jin of grain from every one of the half million mou planted to grain crops (about 27,000 pounds or 13.5 tons per acre). Red Sun People's Commune in Kwangsi Province harvested 17,000 jin of semi-late rice from every one of its 96 mou of rice land (45 tons per acre). In Kwantung Province, experimental plots yielded 50,000 jin of paddy rice, 600,000 jin of sugar cane, and 1,050,000 jin of sweet potatoes per mou.

Chen Yi, a writer in *Peking Review* (October 28, 1958), gave details on the million-pound sweet potato crop which he had visited. The plot covered one quarter of an acre (about 100 by 100 feet). The earth was terraced and built into 7 ridges which ran the length of the plot. Each strip of land had 6,000 sweet potato sprouts, making a total of 42,000. Each sprout yielded an average of 25 pounds of potatoes. The sweet potatoes were pulled out at different intervals and replaced by new sprouts. A framework of bamboo was built above the ridges to carry the sweet potato vines, leaving more room on the ground for the new potatoes to grow and mature.

Anna Louise Strong, in the *National Guardian* of December 1, 1958, reported an experimental plot in Honan which produced at the rate of 36,900 pounds of boll cotton per acre, or 74 times the pre-Liberation average for that region. These yields were secured, not from virgin land, but on areas that had been cultivated for long periods.

Such record yields would be impressive in any country. They are doubly significant in a country like China which is devoting its major energies to industrialization and is fighting the tag-end of a civil war that has been going on for decades.

Doubling A Food Supply

Sputnik plot yields are spectacular and exciting. But even more impressive are the effects of this nation-wide competition for higher quality and greater quantity on the total output of food crops.

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Peking Review for October 28, 1958, printed a report, necessarily incomplete, on the 1958 Chinese harvest and compared it with the yields in 1957. The total tonnage of food crops for 1958 was around 350 to 400 million tons, which is more than 1,100 pounds for each of the 650 million Chinese people. This output was double the 185 million tons of foodstuffs produced in People's China during 1957.

The rice yield for 1958 was 100 million tons, 90 percent higher than 1957. Wheat tonnage for 1958 was 40 million, up 80 percent above 1957. Per acre harvests in 1958 compared with 1957 were: for early rice, 182 percent; for winter wheat, 171 percent; for spring wheat, 183 percent; for soy beans, 160 percent; for peanuts, 233 percent.

Chinese food output has been increasing since Liberation at four or five percent per year. According to plan it should have risen in 1958 by 6 percent. Instead, in 1958, the tonnage doubled the output of the previous year.

Such a rate of growth in agricultural output is extraordinary. As René Dumont, Professor of Comparative Agriculture at the Agronomic Institute in Paris, wrote (MONTHLY REVIEW, December 1958, p. 310), "An increase of 60 to 90 percent in the harvest in one year for a 'continent' the size of China, is a phenomenon absolutely without precedent in the world's economic history."

These Are Not Miracles

Field reports show that the record yields of 1958 resulted from record applications of labor and materials. A cooperative farm in Honan Province which produced 39,500 pounds (666 bushels) of wheat per acre "deep-plowed their experimental plot of one-third of an acre four times. The depth of the plowing was two feet. They watered the field once before seeding. Thirty-five jin of good seeds were sown to each mou and then the field was watered seven times more. A total of 120,000 jin (54 tons) of compost was applied. To control pests, insecticides were sprayed six times." (*Peking Review*, October 28, p. 11.) The same source reported experiments made in Shantung Province where 42.4 man-days applied to one mou produced 1,300 jin of maize; 123.8 man days produced 7,000 jin, and 133.3 man days produced 10,000 jin.

From these and similar reports, we conclude that China's great forward leap in 1958 food production was not a miracle, but the direct result of several factors:

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(1) Elimination of non-working landowners and usurers; collectivization, completed in 1956-57; consolidation of small, independent fields and strips into large units that can be farmed scientifically.

(2) Agriculture treated as one branch of a planned economy, with general and detailed plans and specifications drawn up and carefully followed. China's fertile land is divided into four categories: (1) fertile mountain land, which is being afforested; (2) fertile hillsides, planted to orchards of fruit and nut trees; (3) bottom land, two-thirds of which will be intensively cultivated each year; (4) leaving the remaining third to lie fallow, presumably under cover crops, one year out of three.

Side by side with the general planning of agriculture, collective farms, communes, and a variety of other organizations depend to a considerable extent upon local initiative and enjoy a wide range of local autonomy.

(3) More man-hours and more skilled management are devoted to agriculture under collective direction. Formerly, the typical Chinese farmer and his family worked perhaps 125 days per year, planting, tending, and harvesting their crops. Today he is working around 300 days. Instead of idling or working away from home in the off season, he is busy with others constructing irrigation works, ponds, draining, building, foresting, and thus investing his labor power in capital improvement.

(4) Water is controlled, conserved, and utilized. China has an abundance of water which flows swiftly from high mountains to the sea. Flood control dams, lakes, ponds, and catch basins are being built. Irrigation is being extended. In 1949 China had 53 million acres of irrigated land. By 1955-1956, the irrigated area had increased to 66 million acres, or a total increase of 13 million acres in six years. In the next year irrigation was extended to 20 million additional acres, and in 1957-58 it increased by 80 million acres and was thus doubled during the season which produced the spectacular 1958 crops. "In the epic fight for water control in Honan Province, ten million people turned out last winter (1957-1958) and dug themselves 39,000 small reservoirs, more than 118,000 irrigation canals, 390,000 wells, more than a million small ponds, and 160 million water-basins on the hillsides, like fish scales, each only big enough to hold moisture for one tree, and terraced nearly a million acres." (*National Guardian,* December 1, 1958.) Similar activities were reported from all parts of China. With a climate that includes long rainless periods, the doubling of irrigation between 1957 and 1958

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played a decisive role in doubling food production.

(5) Fertilization was increased. Limited plant facilities restrict the amount of chemical fertilizer that is available in China. Turning to their traditional sources—compost, manures, night-soil, silt from ditches and ponds and streams, and liquid manure, Chinese farmers increased their fertilizer applications up to ten-fold between 1957 and 1958.

(6) Deep cultivation and improved tillage were used on 20 million acres in 1957 and on 22 million acres in 1958. Here is a description of cultivation near Peking, where it reached a depth of three feet or more. "They plow down about eight inches, and then shovel the earth off on one side, then they plow down a foot, and shovel that earth off on the other side. Then they plow a few more times but leave the soil. The fertilizer is mixed in, then the second layer of earth is put back with fertilizer, then the top layer with fertilizer." (*Canadian Far Eastern Newsletter,* November 1958.)

(7) Crops have been close planted. "On fields that produced 1,000 jin of wheat per mou there were 400,000 to 600,000 ears per mou; on fields that produced 10,000 jin of rice there were over 1.8 million ears per mou. Close planting has been one of the most important factors in raising per unit area yield." (*Peking Review,* October 28, 1958, p. 11.)

(8) Improvements have been made in tools, equipment, and such procedures as seed selection. Chinese agriculture still lacks power machinery. But recently exhibitions have been organized all over the country to which neighboring farmers are urged to bring their own suggestions and inventions for plows, harrows, mowers, pumps, and the like. Great crowds have visited these exhibits. Thus new ideas and techniques have been introduced. The rapid spread of electrification and the installation of local electric generators are providing light and additional energy. Selected seeds from high quality strains were planted on 69 percent of the sown area in 1958.

(9) Organization of collective farms from 1953 to 1957 and of communes beginning in 1958 have given the Chinese countryside rallying points around which they could organize their activities. Communes paying cash wages, providing full-time work, and integrating industry and commerce with agriculture played a major role in mobilizing and directing the energies of the rural Chinese during 1958.

(10) Finally, and certainly not the least important among the factors responsible for doubling China's food supplies in one season, has been the existence in the country of a recognized leadership

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which has won respect and support by unifying, organizing, and mobilizing the people in successful reforms directed against floods, droughts, vermin, dirt, sickness, ignorance, waste, corruption, greed, laziness, selfishness. In 1958, as a culmination of the other reforms, this leadership led a successful crusade against want, and doubled the food supply within a year.

During two centuries Western man has passed through the Industrial Revolution, concentrating populations, harnessing nature, organizing society, offering opportunity to all who would accept the disciplines of urban living and working. Essential to the process have been experimentation, planning, blueprinting, skilled direction, and the massing of labor in collective specialized units which have raised industrial output all over the world to levels which would have been regarded as miraculous or impossible by handicraft workers of an earlier period. Similar techniques applied to Chinese agriculture in the last few years are giving similar results.

Mao Versus Malthus

Nearly two centuries ago Thomas Malthus assured his readers that food supply increases slowly while population grows rapidly. When population overtakes food, starvation begins. We have agreed to the formula and condoned the starvation as inevitable.

Within the present season, Chairman Mao and his co-workers all over China have proved Malthus wrong. Food production, instead of lagging, has leaped forward and upward, using little machinery and few chemicals as yet, but elevating the techniques of intensive land utilization into a national policy which enables the Chinese millions to double their food supplies.

Malthus' assumption that the number of seats at nature's table is rigidly limited has been superseded. In its place stands the new slogan of the Chinese farmers: "The land will yield as much as man dares and works to make it yield."

Intensive agriculture is not confined to China. It has scored notable successes in Holland, France, Denmark, Japan. It has remained for People's China to link intensive compost agriculture with socialism. Any people anywhere who are prepared to own, plan, and work together can follow the Chinese example and banish the spectre of starvation.

Fellow-citizens, we cannot escape history.

—Abraham Lincoln

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On the Press Now . . .

AMERICAN LABOR IN MIDPASSAGE

Bert Cochran, Editor

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(*continued from inside front cover*)

publishing house, a sort of university press of the American Left: of this we are now fully convinced. But remember that many avenues of publicity and distribution are closed to us, and that these handicaps can be overcome only by and through the enthusiastic cooperation of MR readers.

You will note that this issue begins with page number 337. That means that so far during the current publishing year MR, which is theoretically a 32-page magazine, has averaged 42 pages per issue. The reason, of course, is that we have more material we think ought to be published than we can fit into our theoretical format. But there is a heavy cost attached—hundreds of dollars per issue—and no increase of revenue to offset it. The moral? Join the Associates—especially those of you who have never become members—or increase your contribution to the Associates. MRA is in fact a device for covering the difference between what MR costs and what it brings in and for sharing the burden of that difference according to ability. Are you carrying your fair share of the burden?

Our German-reading subscribers will be interested to know of the publication of a new West German socialist journal entitled *Periodikum für Wissenschaftlichen Sozialismus* with headquarters in Munich (Schellingstr. 39, München 13). It is a monthly, and the annual sub price is 24 marks.

Our December issue has drawn more favorable comment than any in recent memory (see, for example, the "letter of the month" below). But there was one regrettable oversight in it which we wish to correct. In introducing Messrs. Dumont's and Gill's articles on China, we said that no American is now in China to report the history-making events that are now transpiring in that country. As readers of *The National Guardian* know, this is not the case. Anna Louise Strong is in China and is sending back highly interesting and enlightening reports. What we meant, of course, is that no representatives of the American mass media are now in China, a fact which we know Miss Strong and the *Guardian* must regret as much as we do.

MR readers will be glad to know that Joshua Kunitz is leading a tour to the Soviet Union next summer (Paris and Warsaw will also be included), leaving June 16 and returning July 23. All-inclusive price $1,649.90. If you are interested get in touch with the Patra Travel Agency, 665 Fifth Avenue, New York City 22.

Harry Kelber, labor editor and printer, has just published "Recessions—And How To Prevent Them," the first of a series of simply-written socialist pamphlets on basic issues. Illustrations by Fred Wright are admirably suited to the text. We recommend this pamphlet to your attention: 25¢ a copy, 5 for $1. Write to Straight Talk Pamphlets, P.O. Box 191, Brooklyn 1, N. Y.

A Japanese MR reader would like to establish a correspondence with an American: Mr. H. Gota, 6-402 Kodan Apartment, 369 Kamikomatsu Cho, Katsushika-ku, Tokyo.

The Powell-Schuman case is about to enter a new phase, and funds for the defense are urgently required. Send contributions or requests for information to the Powell-Schuman Defense Committee, P. O. Box 1808, San Francisco, California.

Our letter of the month comes from our good friend Carl Dreher whose opinion we value most highly. "Maybe it just happens to be tailored to my own confusions and patches of ignorance," he writes, "but the December issue seems to me one of the most brilliant and informative in a long time. And I haven't read it all yet. I found Miliband's piece ["The Politics of Contemporary Capitalism"] especially enlightening. It reminds me of Strachey twenty years ago. The one by Gill, supplemented by Leo's review of Snow's book, makes the mechanics of the China situation clear to me for the first time. Given the waterfalls, surplus labor, and some technology, you can get the same power from 10,000 small hydro-electric plants as from Grand Coulee. It's certainly better than having no electricity at all. You should be proud of this job."

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On the press now...

WORLD WITHOUT WAR

By J. D. BERNAL

In his review in the **New Statesman** of the English edition of this coming MR Press book, C. P. Snow, distinguished scientist, wrote:

"It is an analysis, equipped with the latest statistical data, of the three major challenges before human beings. These are: (1) the danger of thermo-nuclear war; (2) the growing disparity in wealth (i.e., in length of life, health and freedom from hunger) between the industrialized countries and the rest; (3) the increase of world population. The three challenges are interwoven, and it is upon the second that Bernal spends the full force of his mind. Unless we cope with this, then within a generation we are in for trouble . . . that will make the Russian revolution look like a tea-party. . . . Information gets round the world now: the Asians and Africans have seen that others are not hungry and dying before their time: they are not going to wait a hundred years before they get the same elemental things.

"Bernal's case, argued with scientific deliberation, is that, granted a truce in the cold war, the whole human race could have these elemental needs fulfilled in quite a short time. That is, there is no technical reason why by the end of the century most Asians and Africans should not be living as most Western Europeans are now. . . .

"The important thing is, here is a book which is a statement and a challenge. It is not enough for his critics to say that it is unpractical. Is it so very practical to let Asians and Africans get hungrier and more inescapably envious than they are now?

"Non-Marxist western thinkers are under an obligation to give him an answer to that question. I should like some of us, non-Marxists, to try to match Bernal in scientific imagination, brotherly charity and human concern."

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